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E.O.11652:N/A
TAGS: ENRG, EFIN, EC
SUBJECT: ENERGY INVESTMENT

INTRODUCTION

1. THE MISSION HAS BEEN CONSIDERING WHAT MIGHT BE DONE TO ATTACK A MAJOR ECONOMIC PROBLEM FACING THE INDUSTRIALIZED COUNTRIES: THE INADEQUATE LEVEL OF INVESTMENT IN ENERGY PRODUCTION AND CONSERVATION. WE UNDERSTAND THAT THIS PROBLEM IS UNDER SERIOUS STUDY IN WASHINGTON, AND WISH TO CONTRIBUTE TO THIS EFFORT. OUR CONTRIBUTION IS IN THE FORM OF SOME IDEAS ON THE DESIRABILITY AND POSSIBLE FORM OF A COORDINATED INTERNATIONAL PROGRAM TO STIMULATE ADDITIONAL ENERGY-RELATED INVESTMENT. OUR
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IDEAS HAVE BENEFITED FROM DISCUSSION OF THE GENERAL PROBLEM WITH EC COMMISSION OFFICIALS, BUT THE PROPOSAL AND ITS JUSTIFICATION REFLECT OUR THINKING, NOT THE COMMISSION'S. WE HAVE NOT DISCUSSED IT WITH THEM.

BASIC PREMISES

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2. WE START WITH THE BASIC PROPOSITION THAT ADDITIONAL ENERGY RELATED INVESTMENT IS IMPORTANT TO THE INDUSTRIALIZED COUNTRIES FOR TWO FUNDAMENTAL REASONS:

(1) ADDITIONAL ENERGY-RELATED INVESTMENT COULD MAKE A SIGNIFICANT CONTRIBUTION TO STRONGER ECONOMIC RECOVERY IN THE OECD AREA.

IT IS CLEAR THAT SLUGGISH INVESTMENT IS A MAJOR CAUSE OF THE WEAK PACE OF RECOVERY IN MUCH OF THE OECD AREA. A REVIVAL OF INVESTMENT IS PARTICULARLY CRITICAL IN COUNTRIES, SUCH AS GERMANY, WHERE THERE ARE CONSTRAINTS ON THE USE OF FISCAL POLICY TO STIMULATE DEMAND. EVEN IN THE UNITED STATES, WHERE INVESTMENT HAS NOT BEEN SO DEPRESSED AND RECOVERY SO WEAK AS IN EUROPE, INDICATORS DO NOT ENCOURAGE EXPECTATION THAT PRIVATE INVESTMENT WILL DO MUCH TO HELP PROPEL THE ECONOMY TO CONTINUED SOLID GROWTH IN 1978 AND BEYOND.

INVESTMENT IN THE ENERGY PRODUCTION SECTOR, OF COURSE, CANNOT BE RELIED UPON ITSELF TO SUSTAIN THE NEEDED EXPANSION IN TOTAL INVESTMENT: THE BASE IS TOO NARROW, AND MANY IMPEDIMENTS WILL BE DIFFICULT TO REMOVE. THE SAME DOES NOT APPLY TO ENERGY SAVING INVESTMENT, WHICH INCLUDES INVESTMENT IN MORE ENERGY-EFFICIENT PRODUCTIVE PROCESSES IN ALL SECTORS OF THE ECONOMY (SEE PARA BELOW). MUCH OF EXISTING CAPITAL STOCK WAS PUT ON STREAM (OR LIMITED OFFICIAL USE

PLANNED AND DESIGNED) AT A TIME WHEN ENERGY WAS CHEAP AND ABUNDANT RELATIVE TO TODAY. AT THAT TIME THERE WAS LITTLE INCENTIVE TO ECONOMIZE ON ENERGY INPUTS, OR TO DEVELOP MORE ENERGY-EFFICIENT PRODUCTIVE TECHNIQUES. THEREFORE, MUCH EXISTING PHYSICAL CAPITAL EMBODIES TECHNOLOGIES WHICH ARE RELATIVELY WASTEFUL OF ENERGY. REPLACEMENT OR MODIFICATION WOULD SAVE SIGNIFICANT AMOUNTS OF ENERGY. IT WOULD ALSO REQUIRE LARGE INVESTMENT OUTLAYS ACROSS A BROAD SPECTRUM OF INDUSTRY.

(2) ADDITIONAL INVESTMENT IN ENERGY PRODUCTIVE CAPACITY, R & D, AND CONSERVATION IS CRITICALLY NEEDED TO REDUCE DEPENDENCE ON IMPORTED OIL.

THE REASONS FOR REDUCING ENERGY DEPENDENCE ARE TOO WELL KNOWN TO REQUIRE ELABORATION HERE, BUT THE PROBLEM HAS PROBABLY NOT BEEN SUFFICIENTLY FOCUSED ON FROM THE INVESTMENT REQUIREMENTS VIEWPOINT. CLEARLY, THERE IS NO SIMPLE RELATIONSHIP BETWEEN ESTABLISHED GOALS OF REDUCED ENERGY DEPENDENCE AND INVESTMENT REQUIRED. THE CHOICE AMONG POSSIBLE MEASURES AFFECTS THESE REQUIREMENTS GREATLY. CERTAIN CONSERVATION MEASURES REQUIRE VIRTUALLY

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NO CAPITAL INPUT (FOR EXAMPLE, LOWER THERMOSTAT SETTING., AUTOMOBILE SPEED LIMITS), WHILE OTHER MEASURES - BOTH IN PRODUCTION AND CONSERVATION -- ARE HIGHLY CAPITAL INTENSIVE. THERE IS OBVIOUSLY NO PARTICULAR ADVANTAGE TO CAPITAL-INTENSIVE APPROACHES, BUT IT SEEMS CLEAR THAT ANY REASONABLY AMBITIOUS ENERGY PROGRAM MUST INVOLVE HEAVY CAPITAL REQUIREMENTS - LIMITS DO EXIST TO LOW-CAPITAL METHODS.

3. THIS NEED APPLIES NOT ONLY TO SUCH OBVIOUS EXAMPLES AS INVESTMENT IN COAL PRODUCTION AND TRANSPORTATION, NUCLEAR PLANTS, ETC., BUT ALSO IN PARTICULAR TO THE GENERAL ADJUSTMENT OF ALL ECONOMIC SECTORS TO MORE ENERGY EFFICIENT PRODUCTIVE PROCESSES. THIS FULL ADJUSTMENT
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REQUIRES ENORMOUS INVESTMENT AND MUCH TIME - BUT THERE

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IS NO REASON WHY IT COULD NOT BE ACCELERATED.

4. NEITHER OF THE TWO OBJECTIVES REFERRED TO ABOVE,

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TAKEN SINGLY, WOULD WARRANT A PARTICULAR FOCUS ON ENERGY INVESTMENT. THE NEED FOR MORE INVESTMENT TO ACHIEVE MACROECONOMIC OBJECTIVES COULD BE TREATED BY IMPROVING GENERAL, NOT JUST ENERGY, INVESTMENT INCENTIVES; THE NEED TO REDUCE ENERGY DEPENDENCE COULD BE ATTACKED IN A VARIETY OF WAYS, ALLOWING THE REQUIRED INVESTMENT SIMPLY TO FOLLOW FROM THE MEASURES TAKEN TO ACHIEVE PRODUCTION AND CONSERVATION OBJECTIVES. HOWEVER, WE BELIEVE THAT THE CONFLUENCE OF THESE TWO PRIORITY ECONOMIC OBJECTIVES WARRANTS POLICY ATTENTION TO ENERGY INVESTMENT AS SUCH.

5. THIS CONCLUSION, WE BELIEVE, IS ALSO SUPPORTED WHEN ONE CONSIDERS TWO BASIC PERSPECTIVES ON THE CURRENT ECONOMIC SITUATION:
(1) THE INDUSTRIALIZED WORLD HAS CONSIDERABLE SLACK
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IN UTILIZATION OF PRODUCTIVE RESOURCES (AND SPARE RESOURCES BEYOND THIS KEPT IN RELATIVELY LOW PRODUCTIVE USES BY THE RELUCTANCE OF COUNTRIES TO MAKE NEEDED BUT PAINFUL RESOURCE SHIFTS OUT OF DECLINING SECTORS). THIS SPARE CAPACITY EXISTS ALONG SIDE AN IMPORTANT POTENTIAL USE OF THIS CAPACITY: A HIGH PRIORITY NEED TO REDUCE ENERGY DEPENDENCE REQUIRING A FLOW OF ADDITIONAL RESOURCES INTO ENERGY INVESTMENT. IN OTHER WORDS, FOCUSING ON THE INVESTMENT REQUIREMENTS ASPECTS OF THE ENERGY PROBLEM HIGHLIGHTS THE POTENTIAL MATCHING BETWEEN ENERGY AND FULL EMPLOYMENT OBJECTIVES.

(2) A RELATED BASIC PERSPECTIVE IS THE COINCIDENCE OF TWO WELL-KNOWN CONSEQUENCES OF THE DECADE'S DRASTIC INCREASE IN ENERGY PRICES. THE OIL PRICE INCREASE SHARPLY SHIFTED INTERNATIONAL TERMS OF TRADE AND WORLD INCOME DISTRIBUTION IN SUCH A WAY AS TO SUBSTANTIALLY INCREASE THE GLOBAL PROPENSITY TO SAVE. THE SHARP SHIFT IN RELATIVE PRICES ALSO CREATED STRONG INCENTIVES FOR ADDITIONAL INVESTMENT IN ALTERNATIVE ENERGY SOURCES AND ENERGY CONSERVATION. THERE WAS NO REASON TO HAVE EXPECTED THESE TWO SHIFTS TO EXACTLY MACH EACH OTHER (AT CONSTANT YIELDS ON REAL INVESTMENT), BUT IN THE EVENT VARIOUS FACTORS (SOME OF WHICH ARE MENTIONED LATER) HAVE HELD INVESTMENT BACK, LEADING TO TWO ADVERSE CONSEQUENCES (INTER ALIA): (A) A SHORTFALL IN TOTAL DEMAND, RECESSION, AND UNDERUTILIZED RESOURCES PERSISTING TO THIS DAY; (B) AN UNNECESSARILY LARGE LONG-TERM TRANSFER OF OWNERSHIP OF WORLD WEALTH TO THE OPEC COUNTRIES, AS OIL IMPORTING COUNTRIES FAIL TO MAKE FULL FEASIBLE COMPENSATING ADJUST-MENTS IN DOMESTIC ENERGY PRODUCTION ANDUSE. A FOCUS ON ENERGY INVESTMENT REQUIREMENTS HIGHLIGHTS THE LINK

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BETWEEN THESE TWO ASPECTS OF THE INTERNATIONAL ADJUSTMENT
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PROBLEM.

6. A THIRD FUNDAMENTAL PREMISE IS THAT THE BEST APPROACH TO THE ENERGY INVESTMENT PROBLEM IS AN INTERNATIONAL ONE. IN MANY AREAS, A SUCCESSFUL ATTACK ON THE PROBLEM REQUIRES INTERNATIONAL COORDINATION AND COOPERATION; IT IS ALSO CLEAR THAT THE CONSEQUENCES OF FAILURE TO DEAL WITH THE PROBLEM ARE NOT LIMITED WITHIN NATIONAL BORDERS. FOR EXAMPLE, DECISIONS TO UNDERTAKE INVESTMENT IN COAL PRODUCTION, TRANSPORTATION, AND CONVERSIONS TO COAL USE ARE INTERDEPENDENT AND TRANSNATIONAL; CONSEQUENCES OF FAILURE TO UNDERTAKE SUCH INVESTMENT ARE HIGHER ENERGY COSTS, POLITICAL VULNERABILITY, AND INTERNATIONAL FINANCIAL INSTABILITY AFFECTING ALL COUNTRIES. THE EXISTENCE OF THE IEA TESTIFIES TO THE ACCEPTANCE OF THIS PROPOSITION.

IMPEDIMENTS TO ENERGY-RELATED INVESTMENT

7. FACTORS RESTRAINING INVESTMENT IN ENERGY PRODUCTION AND CONSERVATION NEED TO BE DIAGNOSED BEFORE A PRE-SCRIPTION CAN BE WRITTEN. OUR LIMITED RESOURCES HAVE NOT PERMITTED US TO ACCOMPLISH A FULL ANALYSIS OF THE PROBLEM HERE.

HOWEVER, WE HAVE TRIED TO SURVEY FOR OURSELVES, ALBEIT SUPERFICIALLY, THE RANGE OF REASONS WHY MORE INVESTMENT HAS NOT BEEN FORTHCOMING IN ORDER TO GET SOME INSIGHT INTO WHAT TYPE OF INTERNATIONAL APPROACH MIGHT BE APPRO-PRIATE.

8. ON THE SIDE OF INVESTMENT IN ENERGY PRODUCTION, OUR SURVEY SUGGESTS TO US THAT THE IMPEDIMENTS ARE SO EXTREMELY DIVERSE THAT IT MAKES NO SENSE TO ESTABLISH A BROAD INCENTIVE FOR ENERGY PRODUCTION INVESTMENT, ON AN INTERNATIONAL BASIS. FOR EXAMPLE, BARRIERS IN SOME
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IMPORTANT SECTORS INCLUDE:
-- REGULATORY JUDICIAL AND ADMINISTRATIVE BARRIERS,
OFTEN STEMING FROM ENVIRONMENTAL CONCERNS;

-- UNCERTAINTIES STEMING FROM FEAR OF FUTURE GOVERNMENT
PRICE CONTROL, REGULATION, ENVIRONMENTAL BLOCKAGE,
AND THE LIKE;

-- LONG-TERM MARKET UNCERTAINTIES (DEMAND PATTERNS,
ALTERNATIVE SOURCES, RAW MATERIAL AVAILABILITY,
TECHNOLOGY, PRICES, ETC.)
-- TECHNOLOGY NOT YET ADVANCED SUFFICIENTLY TO BE
ECONOMICAL.

IN THE CASES WHERE THESE IMPEDIMENTS ARE CONSTRAINING,
IT WOULD SEEM TO BE INEFFICIENT AND INEFFECTIVE TO APPLY,
SAY, A BROAD TAX INCENTIVE, UNNECESSARILY REWARDING
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INVESTMENT WHICH WOULD BE UNDERTAKEN ANYWAY WHILE NOT
PRODUCING MUCH MARGINAL EFFECT.

9. IF AVAILABILITY OF FUNDS WERE A MAJOR BOTTLENECK, THEN

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A BROAD FACILITY TO EXTEND OR GUARANTEE LOANS MIGHT BE APPROPRIATE. BUT, FROM WHAT WE HAVE BEEN ABLE TO DETERMINE, THIS IS NOT GENERALLY THE CASE. THE EUROPEAN COMMUNITY, WITH FUNDS AVAILABLE TO EXPAND ENERGY INVESTMENT HAS RUN UP AGAINST OBSTACLES OF THE SORT OUTLINED ABOVE. FOR EXAMPLE, AN EIB LOAN TO ITALY'S ENERGY AUTHORITY IS BLOCKED PENDING FULFILLMENT OF A LONG-STANDING COMMITMENT TO RAISE ELECTRIC POWER RATES AND LOANS FOR GERMAN NUCLEAR PROJECTS HAVE BEEN DELAYED AS RESULT OF JURIDICAL AND POLITICAL ISSUES.

10. IF WE SHOULD THEREFORE RULE OUT A BROAD INTERNATIONAL INCENTIVE OR FINANCING SCHEME, THE QUESTION ARISES, WHAT WOULD BE AN APPROPRIATE APPROACH TO A COORDINATED INTERNATIONAL PROGRAM TO STIMULATE INVESTMENT IN ENERGY PRODUCTION?

11. THE ANSWER, AS SEEN FROM THIS MISSION, IS THAT A PROPOSAL OUGHT TO FOCUS ON THE NEED TO ACHIEVE CERTAIN ENERGY INVESTMENT GOALS. JUST AS THE IEA HAS ESTABLISHED A GOAL FOR LIMITING OIL IMPORTS, A GOAL TO BE ACHIEVED IN A VARIETY OF WAYS DEPENDING ON THE CIRCUMSTANCES OF THE INDIVIDUAL COUNTRY, WE BELIEVE THAT AN OVERALL GOAL SHOULD BE ESTABLISHED FOR INVESTMENT IN ENERGY WITH PERHAPS A SPECIFIC GOAL ESTABLISHED FOR EACH COUNTRY. EACH COUNTRY WOULD CHOOSE FROM A MENU OF MEASURES TO ACHIEVE THESE GOALS SUITED TO THE CIRCUMSTANCES OF INDIVIDUAL COUNTRIES AND SECTORS. THESE WOULD BE REVIEWED INTERNATIONALLY FOR ADEQUACY AND CONSISTENCY
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WITH OVERALL STRATEGY. (THIS WOULD NOT, OF COURSE, EXCLUDE COOPERATIVE MEASURES EMBRACING A GROUP OF COUNTRIES WHERE APPROPRIATE FOR A PARTICULAR PROBLEM -- E.G., THE COAL EXAMPLE ABOVE.)

THE MENU OF POSSIBLE MEASURES TO ACHIEVE THESE GOALS WOULD PROBABLY INCLUDE THE SELECTIVE APPLICATION OF SUCH TOOLS AS:

(A) ADDITIONAL PUBLIC SECTOR INVESTMENT.

(B) ADDITIONAL GOVERNMENT SPONSORED AND FINANCED R AND D.

(C) REMOVAL OF PRICE CONTROLS.

(D) RESOLUTION OF PROBLEMS WHICH WOULD PERMIT REMOVAL OF ENVIRONMENTAL AND OTHER REGULATORY IMPEDIMENTS.

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(E) TECHNIQUES OF REDUCING RISK SUCH AS LIMITED PRICE GUARANTEES, INSURANCE AGAINST LARGE COST INCREASES OR PRICE DECLINES, OR AGAINST COST IMPOSED BY NEW REGULATORY MEASURES.

(F) GOVERNMENT GUARANTEES FOR LENDERS TO INVESTORS IN PARTICULAR TYPES OF INVESTMENT.

(G) TAX INCENTIVES OR DIRECT SUBSIDIES.

(H) LOW COST (SUBSIDIZED) FINANCING.

12. ALTHOUGH THIS DIFFERENTIATED POLICY, OVERALL-TARGET, APPROACH SEEMS SENSIBLE TO US WHEN APPLIED TO INVESTMENT IN ENERGY PRODUCTION, THE PROBLEM OF ENCOURAGING MORE INVESTMENT IN THE INSTALLATION OF MORE EFFICIENT, ENERGY CONSERVING PRODUCTION TECHNIQUES IS DIFFERENT. THIS
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PROCESS SHOULD (AND PROBABLY HAS) ALREADY HAVE BEEN SET OFF BY THE SHARP INCREASE IN ENERGYPRICES. IT IS NOT

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CLEAR THAT THERE ARE ANY PARTICULAR IMPEDIMENTS TO SUCH INVESTMENT (BEYOND POSSIBLY A GENERALLY UNFAVORABLE INVESTMENT CLIMATE). RATHER, THE SLOW PACE WE SEEM TO BE OBSERVING IS QUITE LIKELY TO BE THE RESULT OF NORMAL MARKET CALCULATIONS OF THE PROFITABILITY OF REPLACING CAPITAL STOCK PLACED ON STREAM NOT TOO LONG AGO - SAY THE LATE 1960'S. IT MAY ALSO REFLECT THE TIME NEEDED FOR RESEARCH AND DEVELOPMENT OF NEW ENERGY-EFFICIENT PROCESSES. FROM THE POINT OF VIEW OF PURE ECONOMIC EFFICIENCY, THE PRESENT PACE OF REPLACEMENT OF EXISTING CAPITAL STOCK WITH THE MORE ENERGY-EFFICIENT PLANT AND EQUIPMENT MAY NOT BE SUB-OPTIMAL -- I.E., THE PRICE SYSTEM MAY NOT BE FAILING. NEVERTHELESS, IN VIEW OF OUR BROADER NATIONAL OBJECTIVES IT SEEMS TO US THERE IS A CASE TO BE MADE FOR ACCELERATING THE PROCESS THROUGH SPECIAL INCENTIVES.

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13. ON THE OTHER HAND, IT DOES NOT SEEM FEASIBLE TO US TO ESTIMATE "INVESTMENT REQUIREMENTS" FOR SUCH REPLACE-MENT OF EXISTING CAPITAL STOCK, THE PACE OF WHICH IS SUBJECT TO A WIDE RANGE OF POSSIBLE VARIATION.

14. THEREFORE, WE BELIEVE THAT, AS A COMPLEMENT TO GOALS FOR INVESTMENT IN DOMESTIC ENERGY PRODUCTION, THE POSSIBILITY OF A BROAD INCENTIVE TO ENERGY CONSERVING INVESTMENT MIGHT BE CONSIDERED.

15. WHETHER IT IS POSSIBLE TO DESIGN A SENSIBLE INCENTIVE OF THIS KIND REMAINS TO BE DETERMINED BY CLOSER ANALYSIS. THE KIND OF IDEA THAT SEEMS TO US TO BE AT LEAST POTENTIALLY FEASIB LE IS THIS: FOR EACH PRODUCTIVE PROCESS A RATIO OF ENERGY INPUT TO PRODUCT OUTPUT CAN BE DEFINED AND MEASURED. THIS RATIO WILL VARY GREATLY AS BETWEEN INDUSTRIES, AND PROBABLY NO REASONABLE ABSOLUTE STANDARD COULD BE DEFINED. HOWEVER, IT MAY BE POSSIBLE TO ESTABLISH A TARGET (OR PERHAPS A SLIDING SCALE) OF PERCENTAGE IMPROVEMENTS IN THIS ENERGY INPUT PRODUCT OUTPUT COEFFICIENT PRODUCED BY NEW INVEST-MENT WHICH WOULD BE REWARDED BY, SAY, A TAX CREDIT. THIS COULD SUPPLEMENT OR PARTIALLY REPLACE THE EXISTING INVESTMENT TAX CREDIT IN THE U.S., AND IT IS POSSIBLE THAT A SIMILAR SCHEME MIGHT BE DEVISED TO COMPLEMENT OTHER INVESTMENT INCENTIVE PROGRAMS IN OTHER COUNTRIES. (IT MIGHT ALSO BE POSSIBLE TO COMBINE THIS "CARROT" APPROACH WITH A "STICK" APPROACH: E.G., ANY NEW

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INVESTMENT ABOVE A GIVEN SIZE FOR WHICH A DEPRECIATION ALLOWANCE IS CLAIMED ON EXISTING TAXES MIGHT BE REQUIRED TO INVOLVE A CERTAIN IMPROVEMENT IN ENERGY-EFFICIENCY TO QUALIFY FOR THE FULL DEPRECIATION ALLOWANCE.)

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16. FINALLY, SUCH AN APPROACH MIGHT BE APPLIED IN SOME MEASURE TO THE HOUSEHOLD SECTOR AS WELL AS THE BUSINESS SECTOR. HOUSEHOLDS INVEST IN DURABLE GOODS SO AS TO PRODUCE FOR THEMSELVES CERTAIN SERVICES -- RESIDENTIAL WARMTH, TRANSPORTATION, ETC. A SIMILAR SET OF CARROT/ STICK INCENTIVES MIGHT BE APPLIED TO HOUSEHOLD PURCHASES OF DURABLES OF THIS TYPE. (THIS PRINCIPLE HAS ALREADY BEEN ADOPTED IN A LIMITED WAY, FOR EXAMPLE IN TAX INCENTIVES FOR HOME INSULATION AND THE PROPOSED TAX ON GAS GUZZLERS.)

NEXT STEPS

17. TO LAY THE BASIS FOR THE KIND OF PROGRAM SUGGESTED ABOVE, WE PROPOSE THAT A MAJOR EFFORT OF RESEARCH AND ANALYSIS BE UNDERTAKEN, PROBABLY IN THE IEA, TO ANSWER QUESTIONS:

(1) WHAT ARE THE INVESTMENT REQUIREMENTS FOR INDIVIDUALIZED COUNTRIES TO ACHIEVE ENERGY PRODUCTION LEVELS CONSISTENT WITH IEA DEPENDENCY TARGETS?

(2) TO WHAT EXTENT IS ACTUAL ENERGY INVESTMENT FALLING SHORT?

(3) WHAT ARE THE REASONS FOR SHORTFALLS?

(4) WHAT WOULD BE THE POLICIES THAT EACH OECD COUNTRY COULD UNDERTAKE TO OVERCOME THESE OBSTACLES AND MEET THESE REQUIREMENTS IN A MANNER CONSISTENT WITH OVERALL IEA STRATEGY?

(5) THE ECONOMIC AND STATISTICS BRANCH OF THE OECD COULD GO A LITTLE FURTHER TO ANSWER THE FOLLOWING QUESTION: WHAT DEPLOYMENT OF FURTHER INVESTMENT(ABOVE THE ANSWER TO Q. 1 ABOVE) COULD BE SUPPORTED WITHIN THE PRESENT
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PRODUCTIVE CAPACITIES OF THE OECD AREA?

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(6) HOW COULD THIS POTENTIAL FOR ADDITIONAL CAPITAL FORMATION BE MOST USEFULLY DEPLOYED TO MEET ENERGY OBJECTIVES?

(7) WOULD ONE FEASIBLE OPTION INCLUDE AN INCENTIVE PLAN FOR ENERGY CONSERVING INVESTMENT SUCH AS SUGGESTED EARLIER IN THIS PAPER?

FOR THE SUMMIT

18. SUCH A STUDY COULD NOT BE COMPLETED IN TIME FOR SPECIFIC PROPOSALS TO BE MADE AT THE COMING ECONOMIC SUMMIT, BUT WE BELIEVE THAT A GENERAL COMMITMENT TO THIS KIND OF APPROACH MIGHT BE OBTAINED AT THAT TIME: I.E., AN AGREEMENT TO SUPPORT A STUDY FOCUSING ON ENERGY INVESTMENT, TO COOPERATE IN THE IMPLEMENTATION OF

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RECOMMENDATIONS FLOWING FROM SUCH A STUDY, AND WE URGE
AN AGREEMENT TO THE PRINCIPLE OF ESTABLISHING ENERGY
INVESTMENT TARGETS. HINTON

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Status: NATIVE
Subject: ENERGY INVESTMENT INTRODUCTION
TAGS: ENRG, EFIN, EC
To: STATE
Type: TE
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